

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Dorr	County Allegan
Fiscal Year End 3/31/07	Opinion Date June 22, 2007	Date Audit Report Submitted to State July 25, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

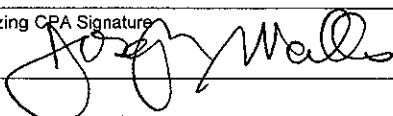


Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	No further communication required	
Other (Describe)	<input checked="" type="checkbox"/>	SAS 112	
Certified Public Accountant (Firm Name) Siegfried Crandall P.C.		Telephone Number 269.381.4970	
Street Address 246 East Kilgore Road		City Kalamazoo	State MI
Authorizing CPA Signature 		Printed Name Joseph M Walls, CPA	Zip 49002
		License Number 1101013696	

Township of Dorr
Allegan County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2007

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INDEPENDENT AUDITORS' REPORT

**Township Board
Township of Dorr, Michigan**

We have audited the accompanying financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Dorr, Michigan, as of March 31, 2007, and for the year then ended, which collectively comprise the Township of Dorr, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Dorr, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Dorr, Michigan, as of March 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information on pages 21 - 23, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Dorr, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Dorr, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sigfried Crandall P.C.

June 22, 2007

BASIC FINANCIAL STATEMENTS

Township of Dorr
STATEMENT OF NET ASSETS
March 31, 2007

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Downtown Development Authority</u>
ASSETS		
Current assets:		
Cash	\$ 1,171,906	\$ 367,160
Receivables, net	365,847	36,699
Prepaid expense	26,295	-
Total current assets	<u>1,564,048</u>	<u>403,859</u>
Noncurrent assets:		
Receivables, net	685,800	-
Capital assets not being depreciated	265,814	-
Capital assets, net of accumulated depreciation	<u>1,965,182</u>	<u>-</u>
Total noncurrent assets	<u>2,916,796</u>	<u>-</u>
Total assets	<u>4,480,844</u>	<u>403,859</u>
LIABILITIES		
Current liabilities:		
Payables	62,067	1,554
Current portion of long-term obligations	<u>292,176</u>	<u>-</u>
Total current liabilities	354,243	1,554
Noncurrent liabilities - long-term obligations	<u>865,871</u>	<u>-</u>
Total liabilities	<u>1,220,114</u>	<u>1,554</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,994,937	-
Restricted for:		
Public safety	321	-
Public works	164,261	-
Recreation and culture	102,704	-
Debt service	441,645	-
Unrestricted	<u>556,862</u>	<u>402,305</u>
Total net assets	<u>\$ 3,260,730</u>	<u>\$ 402,305</u>

See notes to the financial statements

Township of Dorr
STATEMENT OF ACTIVITIES
Year ended March 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary government				
Governmental activities:				
Legislative	\$ 14,854	\$ -	\$ -	\$ -
General government	300,988	75,502	-	-
Public safety	250,040	59,057	2,555	12,217
Public works	128,015	40,038	-	-
Health and welfare	6,000	-	-	-
Community and economic development	19,852	5,300	-	-
Culture and recreation	208,895	53,963	4,996	-
Interest on long-term debt	66,410	53,768	-	-
 Total primary government	 \$ 995,054	 \$ 287,628	 \$ 7,551	 \$ 12,217
 Component unit	 \$ 46,256	 \$ -	 \$ -	 \$ -

General revenues:
Property taxes
Franchise fees
State grants
Investment income
Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

***Net (expenses) revenues and
changes in net assets***

<u>Primary government</u>	<u>Component unit</u>
<u>Governmental activities</u>	<u>Downtown Development Authority</u>

\$ (14,854)
(225,486)
(176,211)
(87,977)
(6,000)

(14,552)
(149,936)
(12,642)

(687,658)

\$ (46,256)

550,631	30,855
23,045	-
457,336	-
47,184	21,297
<u>7,885</u>	<u>-</u>
 1,086,081	 52,152
 398,423	 5,896
<u>2,862,307</u>	<u>396,409</u>
 \$ 3,260,730	 \$ 402,305

See notes to the financial statements

Township of Dorr
BALANCE SHEET - governmental funds
March 31, 2007

	<u>General</u>	<u>Road</u>	<u>Sewer debt</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 274,015	\$ 142,976	\$ 259	\$ 754,656	\$ 1,171,906
Receivables, net	90,718	8,946	921,988	14,695	1,036,347
Prepaid expenses	26,295	-	-	-	26,295
Total assets	<u>\$ 391,028</u>	<u>\$ 151,922</u>	<u>\$ 922,247</u>	<u>\$ 769,351</u>	<u>\$ 2,234,548</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 32,241	\$ -	\$ 259	\$ 5,857	\$ 38,357
Deferred revenue	-	-	921,988	-	921,988
Total liabilities	<u>32,241</u>	<u>-</u>	<u>922,247</u>	<u>5,857</u>	<u>960,345</u>
Fund balances:					
Unreserved	358,787	151,922	-	-	510,709
Reported in nonmajor:					
Special revenue funds	-	-	-	313,439	313,439
Debt service funds	-	-	-	450,055	450,055
Total fund balances	<u>358,787</u>	<u>151,922</u>	<u>-</u>	<u>763,494</u>	<u>1,274,203</u>
Total liabilities and fund balances	<u>\$ 391,028</u>	<u>\$ 151,922</u>	<u>\$ 922,247</u>	<u>\$ 769,351</u>	<u>\$ 2,234,548</u>

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Total governmental fund balances (as above)	\$ 1,274,203
Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	2,230,996
Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.	921,988
Accrued interest on assessments receivable is not available in the current period and, therefore, is not reported in the funds.	15,300
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	(23,710)
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,158,047)</u>
Net assets of <i>governmental activities</i>	<u>\$ 3,260,730</u>

See notes to the financial statements

Township of Dorr

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -

governmental funds

Year ended March 31, 2007

	<u>General</u>	<u>Road</u>	<u>Sewer debt</u>	<u>Nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 210,965	\$ 198,989	\$ -	\$ 200,268	\$ 610,222
Licenses and permits	82,127	-	-	2,555	84,682
State grants	457,336	-	-	4,996	462,332
Contributions from local units	-	-	-	12,217	12,217
Charges for services	18,391	-	-	3,366	21,757
Fines and forfeitures	-	-	-	50,091	50,091
Interest and rentals	25,548	-	38,467	24,431	88,446
Other	4,645	-	224,059	43,784	272,488
Total revenues	<u>799,012</u>	<u>198,989</u>	<u>262,526</u>	<u>341,708</u>	<u>1,602,235</u>
EXPENDITURES					
Legislative	14,854	-	-	-	14,854
General government	316,000	-	-	-	316,000
Public safety	213,024	-	-	-	213,024
Public works	125,323	-	-	43,375	168,698
Health and welfare	6,000	-	-	-	6,000
Community and economic development	19,852	-	-	-	19,852
Culture and recreation	44,501	-	-	131,961	176,462
Capital outlay	14,799	-	-	3,812	18,611
Debt service:					
Principal	17,853	-	224,059	120,881	362,793
Interest	473	-	38,467	15,157	54,097
Total expenditures	<u>772,679</u>	<u>-</u>	<u>262,526</u>	<u>315,186</u>	<u>1,350,391</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>26,333</u>	<u>198,989</u>	<u>-</u>	<u>26,522</u>	<u>251,844</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	126,484	-	-	80,000	206,484
Transfers out	(80,000)	(109,084)	-	(17,400)	(206,484)
Total other financing sources (uses)	<u>46,484</u>	<u>(109,084)</u>	<u>-</u>	<u>62,600</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>72,817</u>	<u>89,905</u>	<u>-</u>	<u>89,122</u>	<u>251,844</u>
FUND BALANCES - BEGINNING	<u>285,970</u>	<u>62,017</u>	<u>-</u>	<u>674,372</u>	<u>1,022,359</u>
FUND BALANCES - ENDING	<u>\$ 358,787</u>	<u>\$ 151,922</u>	<u>\$ -</u>	<u>\$ 763,494</u>	<u>\$ 1,274,203</u>

See notes to the financial statements

Township of Dorr
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds (Continued)
Year ended March 31, 2007

Net change in fund balances - total governmental funds	\$ 251,844
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Additions	128,479
Depreciation	(123,622)
Long-term debt - retirements	362,793
Changes in other assets/liabilities:	
Net increase in accrued interest revenue	15,300
Net decrease in accrued interest expense	(12,313)
Net decrease in deferred revenue	<u>(224,058)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 398,423</u>

See notes to the financial statements

Township of Dorr
STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund*
March 31, 2007

ASSETS

Cash	\$ 11,611
Due from other governmental units	<u>110,997</u>
Total assets	<u>\$ 122,608</u>

LIABILITIES

Due to other governmental units	<u>\$ 122,608</u>
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See notes to the financial statements

Township of Dorr
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Dorr, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Discretely-presented component unit:

The Dorr Township Downtown Development Authority (the Authority) meets the criteria of a component unit and has been included in the Township's general purpose financial statements as a discretely-presented component unit. This unit is reported in a separate column to emphasize it is legally separate from the Township. The Authority has a March 31 year end. The Authority's administrative office is located at 1512 140th, Wayland, Michigan 49348.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the accumulation of financial resources used to make expenditures for major highway and street improvements, as designated by the Township Board.

The Sewer Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments.

The Township reports a single fiduciary fund, the Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (continued):

ii) *Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer and water systems, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2005.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 10 years
Vehicles	10 - 20 years
Infrastructure	40 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is July 1, and, accordingly, the total levy is recognized as revenue in the current year.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Capital outlay	\$ -	\$ 14,799	\$ 14,799
	Debt service - principal	-	17,853	17,853

NOTE 3 - CASH:

Cash as presented in the accompanying financial statements consists of the following:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Total primary government</u>	<u>Total component unit</u>	<u>Totals</u>
Deposits	<u>\$ 1,171,906</u>	<u>\$ 11,611</u>	<u>\$ 1,183,517</u>	<u>\$ 367,160</u>	<u>\$ 1,550,677</u>

Deposits with financial institutions:

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At March 31, 2007, a portion of the Township's bank balances were exposed to custodial credit risk because they were uninsured and uncollateralized as follows:

	<u>Bank balances</u>	<u>Uninsured</u>
Primary government	\$ 1,200,292	\$ 900,292
Component unit	\$ 367,160	\$ 173,577

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CASH (Continued):

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

At March 31, 2007, the Township's receivables were as follows:

	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental activities:					
General Fund	\$ 4,578	\$ 9,103	\$ -	\$ 77,037	\$ 90,718
Road Fund	-	8,946	-	-	8,946
Sewer Assessment Fund	-	-	921,988	-	921,988
Street Lighting Fund	-	1,898	-	-	1,898
Library Fund	-	-	-	3,793	3,793
Fire Equipment Fund	-	4,473	-	-	4,473
Library Debt Fund	-	4,531	-	-	4,531
Total governmental activities	<u>\$ 4,578</u>	<u>\$ 28,951</u>	<u>\$ 921,988</u>	<u>\$ 80,830</u>	<u>\$ 1,036,347</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,800</u>	<u>\$ -</u>	<u>\$ 685,800</u>
Component unit:					
Dorr Township Downtown Development Authority	<u>\$ 5,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,799</u>	<u>\$ 36,699</u>

All receivables are considered fully collectible.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 260,555	\$ 5,259	\$ -	\$ 265,814
Capital assets being depreciated:				
Buildings and improvements	1,395,477	14,950	-	1,410,427
Equipment	397,859	49,623	-	447,482
Vehicles	894,331	-	-	894,331
Library collections	174,226	14,312	(25,040)	163,498
Infrastructure - shared road costs	136,233	44,335	-	180,568
Subtotal	2,998,126	123,220	(25,040)	3,096,306
Less accumulated depreciation for:				
Buildings and improvements	(372,416)	(32,166)	-	(404,582)
Equipment	(175,159)	(27,554)	-	(202,713)
Vehicles	(379,542)	(45,200)	-	(424,742)
Library collections	(104,055)	(15,050)	25,040	(94,065)
Infrastructure - shared road costs	(1,370)	(3,652)	-	(5,022)
Subtotal	(1,032,542)	(123,622)	25,040	(1,131,124)
Total capital assets being depreciated, net	1,965,584	(402)	-	1,965,182
Governmental activities capital assets, net	\$ 2,226,139	\$ 4,857	\$ -	\$ 2,230,996

Depreciation expense was charged to governmental activities as follows:

General government	\$ 19,401
Public safety	54,686
Public works	3,652
Recreation and culture	45,883
Total governmental activities	\$ 123,622

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 – INTERFUND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2007, is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Fund</u>	<u>Transfers out</u>
General	\$ 109,084	Road	\$ (109,084)
General	17,400	Liquor Law Enforcement	(17,400)
Library	<u>80,000</u>	General	<u>(80,000)</u>
Totals	<u>\$ 206,484</u>	Totals	<u>\$ (206,484)</u>

The transfer to the General Fund from the Road Fund represents restricted revenues collected in the Road Fund to pay for maintenance costs of the Road Activities accounted for in the General Fund.

The transfer to the General Fund from the Liquor Law Enforcement Fund represents resources used to cover a debt service payment for public safety equipment accounted for in the General Fund.

The transfer to the Library Fund represents the Township's budgeted annual operating subsidy to support Library operations.

NOTE 7 - PAYABLES:

At March 31, 2007, the Township's payables were as follows:

	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental activities:			
General Fund	\$ 32,241	\$ -	\$ 32,241
Sewer Assessment Fund	-	259	259
Street Lighting Fund	3,372	-	3,372
Library Fund	<u>2,485</u>	<u>-</u>	<u>2,485</u>
Total governmental activities	<u>\$ 38,098</u>	<u>\$ 259</u>	<u>\$ 38,357</u>

NOTE 8 - DEFERRED REVENUE:

As of March 31, 2007, deferred revenue consists of sewer special assessments unavailable to liquidate liabilities in the current period in the amount of \$921,988.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - LONG-TERM OBLIGATIONS:

At March 31, 2007, long-term liabilities are comprised of the following individual issues:

Governmental activities:

Notes payable:

\$550,000 note payable (PA 99) for construction of Township Library; due in annual installments of \$67,200, including interest at 4.75% through July 2010 \$ 236,059

Contracts payable:

\$338,194 - 1992 sewer assessment, due in annual installments through 2008, interest at approximately 5.50% 677

\$2,105,705 - 1999 sewer assessment, due in annual installments through 2009, interest at approximately 4.30% 195,171

\$905,000 - 2005 sewer assessment, due in annual installments through 2026, interest at approximately 5.22% 726,140

Total contracts payable 921,988

Total governmental activities long-term obligations \$ 1,158,047

Long-term obligation activity for the year ended March 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
Note Payable - library construction	\$ 289,241	\$ -	\$ (53,182)	\$ 236,059	\$ 55,987
Note Payable - fire truck	67,699	-	(67,699)	-	-
Note Payable - police vehicle	17,853	-	(17,853)	-	-
1992 sewer assessment	13,860	-	(13,183)	677	677
1999 sewer assessment	386,247	-	(191,076)	195,171	195,171
2005 sewer assessment	<u>745,940</u>	<u>-</u>	<u>(19,800)</u>	<u>726,140</u>	<u>40,341</u>
Total governmental activities	<u>\$ 1,520,840</u>	<u>\$ -</u>	<u>\$ (362,793)</u>	<u>\$ 1,158,047</u>	<u>\$ 292,176</u>

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - LONG-TERM OBLIGATIONS (Continued):

Debt service requirements at March 31, 2007, were as follows:

<u>Year ended March 31:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 292,176	\$ 57,547
2009	98,988	44,352
2010	101,773	39,461
2011	100,334	34,437
2012	40,341	29,481
2013 - 2017	201,706	115,819
2018 - 2022	201,706	63,174
2023 - 2026	<u>121,023</u>	<u>12,635</u>
Totals	<u>\$ 1,158,047</u>	<u>\$ 396,906</u>

NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for all of its employees except volunteer firemen and seasonal employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date of employment. The Township is required to contribute 10% - 25% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township and employees each made required contributions of \$10,892, respectively.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 11 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2007, is as follows:

Revenues	\$ 59,057
Expenses	<u>59,057</u>
Deficiency of expenses over revenues	<u>\$ -</u>

NOTE 12 - JOINT VENTURES:

The Township, together with the Township of Leighton, established a joint wastewater treatment authority under the provisions of Public Act 233 of 1955, in order to acquire and operate water and sewage treatment systems to benefit both townships. The Township is contingently liable for \$2,165,212 of the authority's outstanding bonds payable, a portion of which is to be repaid from collections of special assessments levied against properties within the Township. Contracts payable equal to the outstanding assessment balances are included in the Township's general long-term debt.

Township of Dorr
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Dorr
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 202,500	\$ 202,500	\$ 210,965	\$ 8,465
Licenses and permits	85,025	85,025	82,127	(2,898)
State grants	460,000	460,000	457,336	(2,664)
Charges for services	17,100	17,100	18,391	1,291
Interest and rentals	10,000	10,000	25,548	15,548
Other	<u>2,500</u>	<u>2,500</u>	<u>4,645</u>	<u>2,145</u>
Total revenues	<u>777,125</u>	<u>777,125</u>	<u>799,012</u>	<u>21,887</u>
EXPENDITURES				
Legislative	<u>14,000</u>	<u>14,000</u>	<u>14,854</u>	<u>(854)</u>
General government:				
Supervisor	21,000	21,000	20,983	17
Election	10,000	12,900	12,840	60
Assessor	26,400	26,400	26,377	23
Clerk	26,400	26,400	26,360	40
Board of review	780	780	780	-
Treasurer	27,900	27,900	26,921	979
Hall and grounds	55,000	67,050	66,820	230
Cemetery	8,700	11,200	11,124	76
Other	<u>164,100</u>	<u>145,895</u>	<u>123,795</u>	<u>22,100</u>
Total general government	<u>340,280</u>	<u>339,525</u>	<u>316,000</u>	<u>23,525</u>
Public safety:				
Police	55,000	55,000	54,280	720
Fire	95,000	105,700	99,687	6,013
Building inspections	<u>65,000</u>	<u>65,000</u>	<u>59,057</u>	<u>5,943</u>
Total public safety	<u>215,000</u>	<u>225,700</u>	<u>213,024</u>	<u>12,676</u>
Public works:				
Highways and streets	191,500	191,500	110,303	81,197
Street lighting	1,100	1,910	1,525	385
Drains	10,000	3,545	3,410	135
Recycling	<u>15,000</u>	<u>15,000</u>	<u>10,085</u>	<u>4,915</u>
Total public works	<u>217,600</u>	<u>211,955</u>	<u>125,323</u>	<u>86,632</u>

Township of Dorr

BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)

Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Community and economic development - planning and zoning	30,000	24,200	19,852	4,348
Culture and recreation:				
Parks and recreation	50,700	50,700	29,482	21,218
Library	13,500	15,000	15,019	(19)
Total recreation and culture	64,200	65,700	44,501	21,199
Capital outlay	-	-	14,799	(14,799)
Debt service:				
Principal	-	-	17,853	(17,853)
Interest	-	-	473	(473)
Total debt service	-	-	18,326	(18,326)
Total expenditures	887,080	887,080	772,679	114,401
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(109,955)</u>	<u>(109,955)</u>	<u>26,333</u>	<u>136,288</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Road Fund	190,000	190,000	109,084	(80,916)
Transfer from Liquor Enforcement Fund	-	-	17,400	17,400
Transfer to Library Fund	(80,000)	(80,000)	(80,000)	-
Total other financing sources	110,000	110,000	46,484	(63,516)
NET CHANGES IN FUND BALANCES	45	45	72,817	72,772
FUND BALANCES - BEGINNING	<u>285,970</u>	<u>285,970</u>	<u>285,970</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 286,015</u>	<u>\$ 286,015</u>	<u>\$ 358,787</u>	<u>\$ 72,772</u>

Township of Dorr
BUDGETARY COMPARISON SCHEDULE - Road Fund
Year ended March 31, 2007

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 190,000	\$ 190,000	\$ 198,989	\$ 8,989
OTHER FINANCING USES				
Transfer to General Fund	<u>(190,000)</u>	<u>(190,000)</u>	<u>(109,084)</u>	<u>80,916</u>
NET CHANGES IN FUND BALANCES	-	-	89,905	89,905
FUND BALANCES - BEGINNING	<u>62,017</u>	<u>62,017</u>	<u>62,017</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 62,017</u>	<u>\$ 62,017</u>	<u>\$ 151,922</u>	<u>\$ 89,905</u>

SUPPLEMENTARY INFORMATION

Township of Dorr
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2007

	<i>Special revenue</i>			
	<i>Public Improvement Fund</i>	<i>Liquor Law Enforcement Fund</i>	<i>Street Lighting Fund</i>	<i>Library Fund</i>
ASSETS				
Cash	\$ 198,075	\$ 321	\$ 13,813	\$ 101,396
Receivables, net	-	-	1,898	3,793
Total assets	<u>\$ 198,075</u>	<u>\$ 321</u>	<u>\$ 15,711</u>	<u>\$ 105,189</u>
LIABILITIES AND FUND BALANCES				
Liabilities - account payable	\$ -	\$ -	\$ 3,372	\$ 2,485
Fund balances - unreserved, undesignated	<u>198,075</u>	<u>321</u>	<u>12,339</u>	<u>102,704</u>
Total liabilities and fund balances	<u>\$ 198,075</u>	<u>\$ 321</u>	<u>\$ 15,711</u>	<u>\$ 105,189</u>

<i>Debt service</i>		
<i>Fire Equipment Fund</i>	<i>Library Debt Fund</i>	<i>Totals</i>
\$ 246,385	\$ 194,666	\$ 754,656
<u>4,473</u>	<u>4,531</u>	<u>14,695</u>
<u>\$ 250,858</u>	<u>\$ 199,197</u>	<u>\$ 769,351</u>
\$ -	\$ -	\$ 5,857
<u>250,858</u>	<u>199,197</u>	<u>763,494</u>
<u>\$ 250,858</u>	<u>\$ 199,197</u>	<u>\$ 769,351</u>

Township of Dorr

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2007

	<i>Special revenue</i>			
	<i>Public Improvement Fund</i>	<i>Liquor Law Enforcement Fund</i>	<i>Street Lighting Fund</i>	<i>Library Fund</i>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	2,555	-	-
State grants	-	-	-	4,996
Contributions from local units	-	12,217	-	-
Charges for services	-	-	-	3,366
Fines and forfeitures	-	-	-	50,091
Interest	8,585	176	-	583
Other	-	-	40,038	3,746
	<u>-</u>	<u>-</u>	<u>40,038</u>	<u>3,746</u>
Total revenues	<u>8,585</u>	<u>14,948</u>	<u>40,038</u>	<u>62,782</u>
EXPENDITURES:				
Public works	-	-	43,375	-
Culture and recreation	-	-	-	131,961
Capital outlay	-	-	-	3,812
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>43,375</u>	<u>135,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,585</u>	<u>14,948</u>	<u>(3,337)</u>	<u>(72,991)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	80,000
Transfers out	-	(17,400)	-	-
	<u>-</u>	<u>(17,400)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(17,400)</u>	<u>-</u>	<u>80,000</u>
NET CHANGE IN FUND BALANCES	<u>8,585</u>	<u>(2,452)</u>	<u>(3,337)</u>	<u>7,009</u>
FUND BALANCES - BEGINNING	<u>189,490</u>	<u>2,773</u>	<u>15,676</u>	<u>95,695</u>
FUND BALANCES - ENDING	<u>\$ 198,075</u>	<u>\$ 321</u>	<u>\$ 12,339</u>	<u>\$ 102,704</u>

<i>Debt service</i>		
<i>Fire Equipment Fund</i>	<i>Library Debt Fund</i>	<i>Totals</i>
\$ 99,488	\$ 100,780	\$ 200,268
-	-	2,555
-	-	4,996
-	-	12,217
-	-	3,366
-	-	50,091
9,336	5,751	24,431
-	-	43,784
<u>108,824</u>	<u>106,531</u>	<u>341,708</u>
-	-	43,375
-	-	131,961
-	-	3,812
67,699	53,182	120,881
1,139	14,018	15,157
<u>68,838</u>	<u>67,200</u>	<u>315,186</u>
<u>39,986</u>	<u>39,331</u>	<u>26,522</u>
-	-	80,000
-	-	(17,400)
<u>-</u>	<u>-</u>	<u>62,600</u>
39,986	39,331	89,122
<u>210,872</u>	<u>159,866</u>	<u>674,372</u>
<u>\$ 250,858</u>	<u>\$ 199,197</u>	<u>\$ 763,494</u>

**Members of the Township Board
Township of Dorr, Michigan**

In planning and performing our audit of the financial statements of the Township of Dorr as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Dorr's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Dorr and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Siegfried Crandall P.C.

June 22, 2007